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Macroeconomic policy questions: commodities

Draft resolution submitted by the Vice-Chairman of the Committee, Ms. Anne Barrington (Ireland), on the basis of informal consultations held on draft resolution A/C.2/55/L.28

Commodities

The General Assembly,

Recalling its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992, 49/214 of 23 December 1994, 51/169 of 16 December 1996 and 53/174 of 15 December 1998, and stressing the urgent need to ensure their full implementation,

Reaffirming the outcome of the tenth session of the United Nations Conference on Trade and Development, held at Bangkok from 12 to 19 February 2000,[1] and the Plan of Action adopted by the Conference,

Recalling the United Nations Millennium Declaration of the heads of State or Government, adopted on 8 September 2000,[2]

Taking note of the Havana Declaration[3] and Programme of Action[4] adopted by the South Summit on 14 April 2000,

Noting with concern the report by the Secretary-General of the United Nations Conference on Trade and Development[5] on the declining trend of most commodity prices,

Taking note of the report of the forty-seventh session of the Trade and Development Board,[6] held at Geneva from 9 to 20 October 2000,

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[1] TD/386.
[2] Resolution 55/2.
[3] A/55/74, annex I.

Recognizing that many developing countries, in particular African countries and the least developed countries, are highly dependent on the commodity sector which still remains the principal source of export revenues and the primary source of the creation of employment, income-generation and domestic savings, as well as a driving force of investment and a contributor to economic growth and social development,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply side of most commodity-dependent countries and any continuing effects of the 1997-1998 financial crisis on the demand for commodities, as well as the continuing depressed levels of most commodity prices, which adversely affect the economic growth of commodity-dependent countries, especially in Africa and the least developed countries, as well as commodity-dependent small island developing States,

Concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining access to markets for their commodities,

Emphasizing the necessity for the developing countries, in particular African countries and the least developed countries, for a domestic industrial transformation of their commodity production with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries in their integration into the global economy,

1. *Emphasizes* the need for developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

2. *Expresses* the urgent need for supportive international policies and measures to improve the functioning of commodity markets through efficient and transparent price formation mechanisms, including commodity exchanges, and through the use of commodity price risk management instruments;

3. *Expresses concern* at the declining terms of trade in most primary commodities, in particular for net exporters of such commodities, as well as the lack of progress in many developing countries in diversification, and, in this regard, strongly emphasizes the need for actions at both the national and international levels, inter alia, through improved market access conditions, addressing supply-side constraints and support for capacity-building, including in areas that actively involve women;

4. *Urges* developed countries to continue to support the commodity diversification and liberalization efforts of commodity-dependent developing countries, especially in Africa and the least developed countries, as well as commodity-dependent small island developing States, in a spirit of common purpose and efficiency, inter alia, by providing technical and financial assistance for the preparatory phase of their commodity diversification programmes;

5. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

continuing with diversification efforts, in developing countries, especially in commodity-dependent countries, and, in this respect, stresses that:

(a) International support for the efforts of developing countries towards the industrial transformation of their commodities is required to increase their export revenues and to improve their competitiveness with a view to facilitating their integration into the global economy;

(b) In the context of the process of trade liberalization, tariff peaks should be minimized and the use of trade-distorting policies and protectionist practices and non-tariff barriers should be eliminated as they have negative effects on the ability of developing countries to diversify their exports and undertake the required restructuring of their commodity sector and have an adverse impact on liberalization measures taken by commodity-dependent developing countries and their efforts towards poverty elimination;

(c) In line with Agenda 21 and the Rio Declaration on Environment and Development, Governments should have as their objective to ensure that trade and environmental policies are mutually supportive so as to achieve sustainable development. In so doing, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes;

(d) In light of the process of multilateral trade liberalization, which has led to the diminution of differentials accorded by preferential trade regimes, there is a need to take measures, as appropriate and consistent with international obligations, to address the diminution, in particular by strengthening technical assistance and by continuing to provide financial assistance to commodity-dependent developing countries and by addressing supply-side constraints faced by such countries, in order to improve the competitiveness of their commodity sectors and to overcome difficulties encountered in their diversification programmes;

(e) Timely and effective financial cooperation to facilitate the management by commodity-dependent countries of excessive fluctuations in commodity export earnings should be maintained and further pursued;

(f) Strengthening technical cooperation in the areas of transfer of new technologies and know-how in production processes and training for technical, managerial and commercial staff of developing countries is of paramount importance for quality improvements in the commodity sector;

(g) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(h) There is a need to promote, expand and intensify research and development, to provide infrastructure and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

7. *Encourages* the Common Fund for Commodities, in cooperation with the International Trade Centre, the United Nations Conference on Trade and Development and other relevant bodies, to continue to expand the activities of its